

AGENDA: June 24, 2003

8.1

CATEGORY: New Business

DEPT.: Finance and Administrative Services

TITLE: Authorization to Refinance the 1995
Refunding Certificates of Participation,
Issuance of Parking Structure Debt and
Revitalization Authority Note

RECOMMENDATION

1. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW APPROVING THE REFUNDING OF 1995 CERTIFICATES OF PARTICIPATION AND FUNDING THE DOWNTOWN PARKING STRUCTURE NO. 2, to be read in title only, further reading waived.

ACTING AS THE MOUNTAIN VIEW REVITALIZATION AUTHORITY BOARD OF DIRECTORS:

2. Adopt A RESOLUTION OF THE MOUNTAIN VIEW REVITALIZATION AUTHORITY APPROVING LEASE FINANCING IN CONNECTION WITH REFUNDING OF 1995 CERTIFICATES OF PARTICIPATION AND FUNDING THE DOWNTOWN PARKING STRUCTURE NO. 2, to be read in title only, further reading waived.
3. Adopt A RESOLUTION OF THE MOUNTAIN VIEW REVITALIZATION AUTHORITY APPROVING ISSUANCE OF NOTE TO THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY TO REPLACE A LOAN INCURRED TO PURCHASE LAND, to be read in title only, further reading waived.

ACTING AS THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY BOARD OF DIRECTORS:

4. Adopt A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY ACCEPTING A NOTE FROM THE MOUNTAIN VIEW REVITALIZATION AUTHORITY AS A REPLACEMENT FOR A LOAN, to be read in title only, further reading waived.

FISCAL IMPACT

Staff is recommending authorization for the issuance of debt in an amount not to exceed \$18.5 million in 2003 Certificates of Participation (COPs). The COPs will be issued for two purposes—to refinance the outstanding 1995 COPs at a lower interest rate and to finance construction of Downtown Parking Structure No. 2. Refunding the 1995 Certificates of Participation (COPs) is proposed in a principal amount of approximately \$8.0 million. A

maximum principal amount of \$10.5 million is proposed for the funding of Downtown Parking Structure No. 2. The actual amount to be issued will likely be less. A maximum average interest rate of 5.0 percent is proposed. The principal amount and interest rates on the debt will likely be lower but may not be higher than that authorized in the recommended actions. Council will be notified of the actual principal amount and interest rates after pricing. Based on an assumed interest rate of 3.7 percent (in effect at the time of this staff report), the refinancing COPs will produce a net present value savings of approximately \$340,000, or 4.6 percent of the outstanding principal amount of the 1995 COPs. (A minimum savings of 2.0 percent is indicated in the resolution as a minimum threshold of savings if this portion of the financing is to be completed). Total annual debt service for the Mountain View Revitalization Authority (Authority) would be approximately \$1.5 million. The estimated savings and debt service payments depend upon municipal bond interest rates at the time of pricing.

Staff is also recommending formalizing the loan from the Shoreline Regional Park Community (SRPC) to the Authority for the purchase of property at the corner of California and Bryant Streets by means of a \$1.9 million note to be issued by the Authority and purchased by SRPC to replace the existing loan. No fiscal impact.

BACKGROUND AND ANALYSIS

The City issued its 1995 Certificates of Participation (1995 COPs) to refund the Revitalization Authority's 1986 Tax Allocation Bonds (1986 TA Bonds). These bonds were originally issued during a period of relatively high interest rates. The proceeds of the 1986 TA Bonds were used for Castro Street and other improvements in the downtown area. The Certificate of Participation (lease) financing structure was used to refund the earlier bonds in order to take advantage of the City's higher credit rating, allowing the Authority to obtain lower interest rates and reduce annual debt service payments. This financing structure entailed the City issuing debt under the terms of a lease and lease-back transaction of the Police/Fire Administration Building and the simultaneous execution of an indebtedness agreement that obligates the Authority to make debt service payments. Through this structure, the City becomes contingently liable for the debt in the event the Authority defaults on the terms of the indebtedness agreement. This type of financing structure is very common in California.

It is assumed that the City would not allow an agency of the City to default on its debt. While there is potential risk involved with this type of financing, staff believes the benefits outweigh the potential risk. One potential risk is a significant decline in downtown property values. This concern is mitigated by obligating a limited portion of tax increment revenue so a decline in property values can be absorbed without affecting the Authority's ability to pay debt service. This same financing structure is proposed for the 2003 Refunding and Parking Structure COPs.

Staff worked for several months in late 2002 on the bond issue necessary to finance construction of the downtown parking structure approved by Council last June and was prepared to bring authorization for the issuance of debt to the Council in January 2003. However, in January, the Governor's State budget was released, which included a proposal that would transfer a significant portion of annual tax increment revenue from Redevelopment Agencies (RDAs) to finance the State's school funding obligation, beginning Fiscal Year 2003-04. Staff reviewed the status of the State's proposal and the financing capacity of the Authority at a study session on January 21, 2003. The staff report is attached (Attachment A).

This proposal caused staff to delay returning to Council for authorization to be able to reevaluate the State budget proposal and the effects on the proposed bond issue. Staff has continued to monitor the State budget proposals and the proposals that were initially circulated in January have not changed significantly. The most current proposal would shift \$250 million from RDAs to schools and this would translate to approximately \$250,000 of lost tax increment revenue to the Authority. Because of the potential impact on the Authority's tax increment revenues, staff has scaled back the initial proposed bond issue to an amount necessary only to fund the parking structure and refinance outstanding debt. In reviewing the annual debt service that would be required for funding the parking structure, staff believes there is sufficient coverage to protect the Authority and the City against current State budget proposals. The downside to this approach is that additional tax increment revenues may be available and the Authority will have missed the opportunity to leverage the additional tax increment because of the January 1, 2004 deadline to issue debt.

Additionally, staff is requesting Council to authorize the issuance of a \$1.9 million note that will be purchased by the SRPC. This note will formalize the loan that was made by the SRPC to the Authority to enable the Authority to purchase the property at the corner of California and Bryant Streets on August 6, 2002. That staff report is attached (Attachment B). There is no fiscal impact to either agency by this action.

2003 Certificates of Participation

Under current redevelopment law, a deadline is in place for issuance of new debt. The last opportunity for the Authority to issue debt is prior to January 1, 2004, and all debt must be retired by April 9, 2009. After April 9, 2009, the Authority will only receive tax increment in an amount necessary to cover debt service with overlapping agencies receiving the remaining balance.

Due to the current low interest rate climate, staff proposes to combine refunding the 1995 COPs with the parking structure financing. The current outstanding principal of the 1995 COPs is \$7.1 million, with an average interest rate of 5.9 percent. It is estimated that bonds in a principal amount of \$8.0 million will be required for the refunding, a principal amount up to \$10.5 million will be needed for the Parking Structure No. 2, and associated

costs which may include: a reserve fund or the cost of a surety bond; bond insurance (if obtained); underwriters discount; bond counsel and disclosure counsel costs; and other miscellaneous costs. If a surety bond is purchased, a reserve fund will not be required and the size of the issue will be less by approximately \$1.5 million. The bonds proposed to be issued will fully mature in the year 2019, two years longer than the original 1986 TA Bonds and 1995 COPs. This date is chosen to coincide with the end of the Authority's existence. The average interest rate is not to exceed 5.0 percent. The actual interest rate will be dependent on the market at the time of issuance. The issuance is proposed to take place this summer or fall. If, at the time of issuance, the refinancing savings are not sufficient, staff will only be issuing debt for the new Parking Structure No. 2.

SUMMARY

Staff requests authorization to execute the documents necessary to complete issuance of the 2003 COPs. The final documents will be in substantially the same form as the drafts on file in the City Clerk's Office. A summary of each document is discussed in Attachment C.

The City and the Authority will cause to be issued 2003 COPs in order to refund the 1995 Certificates of Participation and to fund the Downtown Parking Structure No. 2. In conjunction with this refunding, the City and the Authority will place in escrow funds for the defeasance of outstanding bonds until they become callable. It is currently estimated the refinancing of the 1995 COPs will result in a net present value savings to the Authority of approximately \$340,000 or 4.6 percent of the outstanding principal amount. The Authority will assume total annual debt service payments of approximately \$1.5 million for the issuance of debt for Downtown Parking Structure No. 2 combined with the refinancing of 1995 Certificates of Participation.

It will not be known what actions the State may take that will affect RDAs until the State budget is adopted. In addition, nothing precludes the State from taking actions in the future that could jeopardize RDA tax increment revenues. However, staff has analyzed the impacts of the State's proposals and has determined that by reducing the scope of the debt issue there is substantial coverage to protect the City and the Authority.

Authorization to award the design contract for the new parking structure was discussed at the City Council meeting of March 25, 2003. At that time, Council directed the item be brought back to Council when the Revitalization Authority debt was issued or at three months, whichever came first. Authorization for the design contract is also on the Council's agenda for this meeting.

On December 12, 2000, the City Council approved the engagement of Stone & Youngberg for underwriter services. Staff is proposing pricing a negotiated transaction for the debt with

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Stone & Youngberg. In order to ensure the transaction is fairly priced, staff will be soliciting a "pricing opinion" from an independent third party.

The Preliminary Official Statements and other related documents are available for review in the City Clerk's Office. Bond Counsel Bill Madison from Jones Hall, Underwriter Sohail Bengali from Stone & Youngberg and staff will be available to answer questions.

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PUBLIC NOTICING—Agenda posting.

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PJK/SN/9/CAM
546-06-24-03M^

- Attachments:
- A. Council Study Session Report of January 21, 2003
 - B. Council Report of August 6, 2002
 - C. Summary of Documents Associated with the 2003 Refunding and Capital Projects Certificates of Participation
 - D. Resolution Approving Refunding of 1995 Certificates of Participation
 - E. Resolution Approving Lease Financing
 - F. Resolution Approving Issuance of Note
 - G. Resolution Accepting Note

**CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2003**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOUNTAIN VIEW
APPROVING THE REFUNDING OF 1995 CERTIFICATES OF PARTICIPATION AND
FUNDING THE DOWNTOWN PARKING STRUCTURE NO. 2**

BE IT RESOLVED, by the City Council of the City of Mountain View (the "City"):

WHEREAS, the City caused its \$9,175,000 1995 Refunding Certificates of Participation (the "Prior Certificates") to be issued on September 13, 1995, the proceeds of which were applied to the refunding of \$9,875,000 Mountain View Revitalization Authority Downtown Revitalization District 1986 Tax Allocation Bonds; and

WHEREAS, the City and the Mountain View Revitalization Authority (the "Authority") have determined that due to favorable financial conditions, it is in the best interests of the City and the Authority to refund the Prior Certificates; and

WHEREAS, the City and the Authority have also determined to finance the costs of constructing the Downtown Parking Structure No. 2, located at California and Bryant Streets (the "Project"); and

WHEREAS, the City and the Authority have determined that the most efficient and cost-effective method of: (i) refunding the Prior Certificates; and (ii) funding the Project, is by means of a lease financing under which the City will lease to the Authority, and lease back from the Authority, certain Police and Fire administrative facilities, as more particularly described below; and

WHEREAS, such lease financing is in the public interest and for the public benefit and, therefore, the City wishes to approve, authorize and direct the execution of the hereinafter defined Lease Agreement and certain other financing documents in connection therewith; and

WHEREAS, pursuant to the City's and the Authority's authorization, Stone & Youngberg, LLC (the "Underwriter"), proposes to act as underwriter to the City in connection with the execution and delivery of Certificates of Participation (the "Certificates"); and

WHEREAS, the Certificates attributable to the refunding of the Prior Certificates are referred to herein as the "Refunding Certificates," and the certificates attributable to the funding of the Project are referred to herein as the "Project Certificates"; and

WHEREAS, Jones Hall, as disclosure counsel to the City, has prepared and presented to the City a form of preliminary official statement containing information material to the offering and sale of the Certificates of Participation described below, and the Underwriter has presented a contract of purchase, between the City and the Underwriter, with respect to the purchase by the Underwriter of such Certificates of Participation; and

WHEREAS, the documents below specified have been filed with the City, and the members of the City Council, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

1. The City hereby specifically finds and declares that the actions authorized hereby constitute the municipal purposes of the City and that the statements, findings and determinations of the City set forth in the preamble of the documents approved herein are true and correct.

2. The City Council hereby makes the following determinations with respect to the Project:

- a. The Project is of benefit to the Project Area;
- b. No other reasonable means of financing the Project are available to the Community; and
- c. That the payment of tax increment for the Project will assist in the elimination of one or more blighting conditions in the Project Area, and is consistent with the implementation plan adopted pursuant to Section 33490 of the Health and Safety Code.

3. The below-enumerated documents, in substantially the form on file with the City Clerk, be and are hereby approved, and the City Manager and Finance and Administrative Services Director are hereby separately authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the City Clerk is hereby authorized and directed to attest to such official's signature:

- a. A facilities lease, relating to certain real property and improvements comprising the City's Police and Fire administration facilities located at 1000 Villa

Street in Mountain View (the "Facilities"), between the City, as lessor, and the Authority, as lessee (the "Facilities Lease");

b. A lease agreement (or amendment to the Lease Agreement relating to the Prior Certificates, if the Refunding Certificates are not executed and delivered), relating to the Facilities, by and between the Authority, as lessor, and the City, as lessee (the "Lease Agreement"), so long as the stated term of the Lease Agreement does not extend beyond February 1, 2019 (subject to certain extensions in the event of default, as provided in the Lease Agreement);

c. A trust agreement, by and among the Authority, the City and U.S. Bank National Association (the "Trustee"), relating to the execution and delivery of the Certificates evidencing the undivided, fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Trust Agreement");

d. An indebtedness agreement (or amendment thereto, if the Refunding Certificates are not executed and delivered), by and between the City, the Trustee and the Authority (the "Indebtedness Agreement"), pursuant to which the Authority will agree to repay the amounts needed to (i) refund and defease the Prior Certificates if the Refunding Certificates are executed and delivered, and (ii) fund the cost of acquiring and constructing the Project, and in which the Authority will agree to repay the amounts provided for thereunder so long as the requirements of Section 33445 and 33679 of the California Health and Safety Code have been satisfied; and

e. An escrow deposit and trust agreement (the "Escrow Deposit and Trust Agreement"), by and among the City and U.S. Bank National Association (the "Escrow Bank"), pursuant to which the principal of, redemption price and interest with respect to the Prior Certificates will be paid.

4. The approval of documents contained in Section 3 is subject to the following limitations and adjustments:

a. The Refunding Certificates shall only be executed and delivered to the extent the refunding of the Prior Certificates achieves a net present value savings of 2.0 percent of the principal amount of the Prior Certificates being refunded, or approximately \$142,900.

b. If the refunding of the Prior Certificates cannot achieve the minimum savings set forth in Section 4(a) above, and the Refunding Certificates are not executed and delivered, the Lease Agreement approved in Section 3(b) shall be replaced by a First Amendment to Lease Agreement (the "First Amendment to Lease Agreement"), which shall amend the Lease Agreement, dated as of September 1, 1995 (the "1995 Lease Agreement"), which secures the Prior Certificates, between the City and the Authority,

as permitted by Section 7.5(vi) of the 1995 Lease Agreement. The principal amount of the First Amendment to Lease Agreement and the Project Certificates shall not exceed \$10,500,000.

c. If the refunding of the Prior Certificates cannot achieve the minimum savings set forth in Section 4(a) above, and the Refunding Certificates are not executed and delivered, the Indebtedness Agreement approved in Section 3(d) shall be replaced by a First Amendment to Indebtedness Agreement (the "First Amendment to Indebtedness Agreement"), which shall amend the Indebtedness Agreement, dated as of September 1, 1995 (the "1995 Indebtedness Agreement"), which contains the Authority's obligation to make Indebtedness Repayments, to increase the Indebtedness Repayments by an amount equal to the Lease Payments payable under the First Amendment to Lease Agreement.

d. The average interest rate payable with respect to the Project Certificates shall not exceed 5 percent.

5. A certificate purchase agreement (the "Purchase Agreement") by and between the City and Stone & Youngberg, LLC, the "Underwriter"), in substantially the form on file with the City Clerk, relating to the purchase of the Certificates, be and is hereby approved, and the City Manager and Finance and Administrative Services Director are hereby separately authorized and directed to execute said Purchase Agreement, with such changes, insertions or omissions as may be approved by such officials, and so long as the terms and conditions of the Certificates executed and delivered pursuant to such Purchase Agreement are consistent with the requirements herein stated and so long as the Underwriter's discount with respect to the Certificates does not exceed 1.0 percent, exclusive of any original issue discount.

6. The preliminary official statement with respect to the Certificates (the "Preliminary Official Statement"), in substantially the form on file with the City Clerk, is hereby approved, with such changes, insertions and omissions as may be approved by the City Manager or Finance and Administrative Services Director, and the Underwriter is hereby authorized to distribute such to municipal bond dealers and brokers, banking institutions and other persons as may be interested in purchasing the Certificates. The City Manager and Finance and Administrative Services Director are separately authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement. The Final Official Statement, when prepared, is hereby approved for distribution in connection with the execution and delivery of the Certificates.

7. The City Manager and Finance and Administrative Services Director are separately authorized to approve corrections and additions to the Preliminary Official

Statement by supplement or amendment thereto, or otherwise as appropriate, provided that any such corrections or additions shall be necessary to cause the information contained therein to conform with facts material to the Certificates, or to the proceedings of the City or such corrections or additions are in form rather than in substance.

8. The City Manager and Finance and Administrative Services Director are separately authorized and directed to cause the Preliminary Official Statement to be brought into the form of a Final Official Statement and to execute said Final Official Statement, dated as of the date of the execution of the Purchase Agreement. The Final Official Statement, when prepared, is approved for distribution in connection with the execution and delivery of the Certificates.

9. The City Manager, Finance and Administrative Services Director, City Clerk and all other appropriate officials of the City are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized, including specifically the Agreement for Legal Services with Jones Hall acting as bond counsel and disclosure counsel to the Authority and the City.

This resolution shall take effect upon its adoption by this City Council.

SN/6/RESO
541-06-24-03R^

**MOUNTAIN VIEW REVITALIZATION AUTHORITY (MVRA)
RESOLUTION NO.
SERIES 2003**

**A RESOLUTION OF THE MOUNTAIN VIEW REVITALIZATION AUTHORITY
APPROVING LEASE FINANCING IN CONNECTION WITH REFUNDING OF
1995 CERTIFICATES OF PARTICIPATION AND FUNDING THE
DOWNTOWN PARKING STRUCTURE NO. 2**

RESOLVED, by the Mountain View Revitalization Authority (the "Authority"):

WHEREAS, the City of Mountain View (the "City") caused its \$9,175,000 1995 Refunding Certificates of Participation (the "Prior Certificates") to be issued on September 13, 1995, the proceeds of which were applied to the refunding of \$9,875,000 Mountain View Revitalization Authority Downtown Revitalization District 1986 Tax Allocation Bonds; and

WHEREAS, the City and the Authority have determined that due to favorable financial conditions, it is in the best interests of the City and the Authority to refund the Prior Certificates; and

WHEREAS, the City and the Authority have also determined to finance the costs of constructing the Downtown Parking Structure No. 2, located at California and Bryant Streets (the "Project"); and

WHEREAS, the City and the Authority have determined that the most efficient and cost-effective method of: (i) refunding the Prior Certificates; and (ii) funding the Project, is by means of a lease financing under which the City will lease to the Authority, and lease back from the Authority, certain police and fire administration facilities, as more particularly described below; and

WHEREAS, such lease financing, and the execution and delivery of the documents in connection therewith, by reason of the substantial savings to be achieved thereby, is in the public interest and for the public benefit, and is a benefit to the Downtown Revitalization District (the "Project Area"), and therefore the Authority wishes to approve, authorize and direct the execution of the financing documents in connection therewith; and

WHEREAS, the Certificates attributable to the refunding of the Prior Certificates are referred to herein as the "Refunding Certificates," and the Certificates attributable to the funding of the Project are referred to herein as "Project Certificates"; and

WHEREAS, the documents below specified have been filed with the Authority, and the members of the Authority, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

1. The Authority hereby confirms the determinations made by the City Council with respect to the Project, namely:

- a. The Project is of benefit to the Project Area;
- b. No other reasonable means of financing the Project are available to the Community; and
- c. That the payment of tax increment for the Project will assist in the elimination of one or more blighting conditions in the Project Area, and is consistent with the implementation plan adopted pursuant to Section 33490 of the Health and Safety Code.

2. The below-enumerated documents, in substantially the form on file with the Secretary of the Authority, be and are hereby approved, and the Executive Director and Treasurer are hereby separately authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Secretary is hereby authorized and directed to attest to such official's signature:

- a. A facilities lease, relating to certain real property and improvements comprising the City's police and fire administration facilities located at 1000 Villa Street in Mountain View (the "Facilities"), between the City, as lessor, and the Authority, as lessee (the "Facilities Lease");
- b. A lease agreement (or amendment to the Lease Agreement relating to the Prior Certificates, if the Refunding Certificates are not executed and delivered), relating to the Facilities, by and between the Authority, as lessor, and the City, as lessee (the "Lease Agreement"), under which the City will agree to make lease payments for the Facilities;
- c. A trust agreement, by and among the Authority, the City and U.S. Bank National Association (the "Trustee"), relating to the execution and delivery of certificates of participation (the "Certificates") evidencing the undivided, fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Trust Agreement");

d. An assignment agreement, by and between the Authority and the Trustee, pursuant to which the Authority will assign certain of its rights under the Lease Agreement, including its right to receive lease payments thereunder, to the Trustee;

e. The Indebtedness Agreement (or a First Amendment to Indebtedness Agreement, if the Prior Certificates are not refunded, as provided below), by and between the City, the Trustee and the Authority (in either case, the "Indebtedness Agreement"), pursuant to which the Authority will agree to repay the amounts needed to: (i) refund and defease the Prior Certificates (if the Prior Certificates are refunded); and (ii) fund the cost of constructing the Project, and in which the Authority will agree to repay the amounts provided for thereunder, in substantially the form on file with the Secretary of the Authority, be and is hereby approved, and the Executive Director and Treasurer are hereby separately authorized and directed to execute said Indebtedness Agreement, with such changes, insertions and omissions as may be approved by such official, and the Secretary is hereby authorized and directed to attest to such official's signature; or

f. If the refunding of the Prior Certificates cannot achieve net present value savings of 2.0 percent of the principal amount of the Prior Certificates being refunded, or approximately \$142,900, the Refunding Certificates shall not be executed and delivered, and the Authority shall execute and deliver a First Amendment to Indebtedness Agreement (the "First Amendment to Indebtedness Agreement"), which shall amend the Indebtedness Agreement, dated as of September 1, 1995 (the "1995 Indebtedness Agreement"), which contains the Authority's obligation to make Indebtedness Repayments, to increase the Indebtedness Repayments by an amount equal to the Lease Payments payable under the First Amendment to Lease Agreement.

3. The approval of documents contained in Section 2 is subject to the following limitations and adjustments:

a. If the refunding of the Prior Certificates cannot achieve the minimum savings set forth in Section 2(f) above, and the Refunding Certificates are not executed and delivered, the Lease Agreement approved in Section 2(b) shall be replaced by a First Amendment to Lease Agreement (the "First Amendment to Lease Agreement"), which shall amend the Lease Agreement, dated as of September 1, 1995 (the "1995 Lease Agreement"), which secures the Prior Certificates, between the City and the Authority, as permitted by Section 7.5(vi) of the 1995 Lease Agreement. The principal amount of the First Amendment to Lease Agreement and the Project Certificates shall not exceed \$10,500,000.

b. The average interest rate payable with respect to the Project Certificates shall not exceed 5 percent.

4. The preliminary official statement with respect to the Certificates (the "Preliminary Official Statement"), in substantially the form on file with the Secretary of the Authority, is hereby approved, with such changes, insertions and omissions as may be approved by the Executive Director or Treasurer which Preliminary Official Statement is hereby approved to be distributed to such municipal bond dealers and brokers, banking institutions and other persons as may be interested in purchasing the Certificates. The Executive Director and Treasurer are separately authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement. The Final Official Statement, when prepared, is hereby approved for distribution in connection with the execution and delivery of the Certificates.

5. The Executive Director, Treasurer and Secretary, and all other appropriate officials of the Authority, are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the lease financing herein authorized, including specifically the Agreement for Legal Services with Jones Hall, acting as bond counsel and disclosure counsel to the Authority and the City.

This Resolution shall take effect upon its passage and adoption.

SN/6/RESO
541-06-24-03R-1^

**MOUNTAIN VIEW REVITALIZATION AUTHORITY (MVRA)
RESOLUTION NO.
SERIES 2003**

**A RESOLUTION OF THE MOUNTAIN VIEW REVITALIZATION AUTHORITY
APPROVING ISSUANCE OF NOTE TO THE
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY
TO REPLACE A LOAN INCURRED TO PURCHASE LAND**

RESOLVED, by the Mountain View Revitalization Authority (the "Authority"):

WHEREAS, the Authority, pursuant to Resolution No. RA-92, adopted on August 6, 2002, accepted a loan from the Mountain View Shoreline Regional Park Community (the "Community") in the amount of \$1,910,000 (the "Loan"), to enable the Authority to purchase vacant land located at the southwest corner of Bryant and California Streets (APN 158-11-034 through APN 158-11-039, inclusive) (the "Land"); and

WHEREAS, the Authority has acquired the Land with the proceeds of the Loan;
and

WHEREAS, the Community and the Authority wish to substitute a note for the Loan, to be issued by the Authority in the principal amount of the Loan, plus accrued interest thereon (the "Note"), which Note will be registered in the name of the Community;

NOW, THEREFORE, it is hereby **ORDERED** and **DETERMINED**, as follows:

1. The Authority authorizes the Note to be issued in the principal amount of \$1,910,000, plus accrued interest thereon from the date of the Loan to the date of the Note, and registered in the name of the Community, in substantially the form attached hereto as Exhibit A. The Executive Director is hereby authorized and directed to execute the Note, and the Clerk of the Board is hereby directed to attest the Executive Director's signature. The Note shall be delivered to the Community as a replacement for the Loan.

2. This resolution shall take effect upon its passage and adoption.

MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY (SRPC)
RESOLUTION NO.
SERIES 2003

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY ACCEPTING
A NOTE FROM THE MOUNTAIN VIEW REVITALIZATION AUTHORITY
AS A REPLACEMENT FOR A LOAN

RESOLVED, by the Board of Directors (the "Board") of the Mountain View Shoreline Regional Park Community (the "Community") that:

WHEREAS, the Community, pursuant to Resolution No. S-118, adopted on August 6, 2002, made a loan to the Mountain View Revitalization Authority (the "Authority") in the amount of \$1,910,000 (the "Loan"), to enable the Authority to purchase vacant land located at the southwest corner of Bryant and California Streets (APN 158-11-034 through APN 158-11-039, inclusive) (the "Land"); and

WHEREAS, the Authority has acquired the Land with the proceeds of the Loan; and

WHEREAS, the Community and the Authority wish to substitute a note for the Loan, to be issued by the Authority, in the principal amount of the Loan, plus accrued interest thereon (the "Note"), which Note will be registered in the name of the Community;

NOW, THEREFORE, IT IS ORDERED, AS FOLLOWS:

Section 1. Acceptance of Note Issued by the Authority. The Board accepts the Note to be issued by the Authority in the principal amount of the Loan, plus accrued interest thereon, as a replacement for the Loan, the terms of which are set forth in a resolution to be adopted by the Board of Directors of the Authority on the date hereof, including specifically Exhibit A to said resolution. The Note is a legal investment of surplus funds of the Community under Section 53601 of the Government Code, and will be held in the Community's investment pool. The Manager of the Community is hereby authorized to execute, upon receipt of the Note, an acknowledgement that the Note is a full replacement for the Loan.

Section 2. Effective Date. This resolution shall take effect from and after the date of its passage and adoption.

SN/6/RESO/541-06-24-03R-3^